

## **complaint**

Mr E says Direct Auto Finance Insurance Services Ltd (“DAFIS”) mis-sold him payment protection insurance (‘PPI’).

## **background**

Mr E bought a car on finance through DAFIS in 2005. He also purchased a single premium PPI policy to protect his repayments should he have found himself unable to work due to accident, sickness or involuntary unemployment. Mr E added to his borrowing to pay for the PPI. Mr E has raised a number of concerns about the sale of his PPI.

An ombudsman has looked at the complaint and sent a provisional decision to both parties. The provisional decision was to not uphold Mr E’s complaint. Mr E and DAFIS were invited to provide further comments for consideration ahead of a final decision being issued. Neither party had anything further to add.

## **my findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusion as set out in the provisional decision and for the same reasons. I summarise these findings below.

Mr E says he wasn’t made aware that he would be paying for PPI. But I’m satisfied that the PPI was presented as optional and that Mr E knowingly chose to take it out. I say this because Mr E has signed a “Demand and Needs Statement”. This document had descriptions of three products DAFIS had recommended to Mr E – PPI among them. Underneath these descriptions Mr E has signed to confirm the three products had been explained to him and that he wanted to take them out. It looks like a finance agreement was then drawn up. This had a section called “Additional Optional Insurances”, which included details of Mr E’s PPI. Mr E has signed this document as well (in more than one place too). So I’m satisfied from the sales documentation that Mr E was aware that he was purchasing PPI and that he knew he had a choice about doing so. DAFIS has also told us that Mr E made three successful claims on his PPI – one of which was just six months after the sale – which suggests that he was aware that had a PPI policy.

DAFIS had a duty to ensure the policy was suitable for Mr E. I don’t know what steps it took to do this. But having reviewed Mr E’s circumstances at the time of sale, I think the PPI was suitable. I say this because there’s nothing to suggest Mr E was ineligible for the policy or would have been unable to benefit from its full range of cover (which seems to be confirmed by the three successful claims he made). There was also a need for the policy as Mr E was taking on a significant amount of borrowing and the possibility of default was very real – as it would be for any one – and the consequences of this would have been significant. The policy would have paid out in addition to, and for longer than, Mr E’s sick pay and would have paid out in the case of unemployment as well. And I haven’t seen anything that makes me think the cancellation terms of the PPI would have made the policy unsuitable. I don’t think the cost of the policy was unaffordable either, or was disproportionately expensive given its benefits.

Mr E says DAFIS didn’t explain the costs of the policy or its terms and conditions. I’m satisfied that DAFIS would have explained the main benefits of the policy because doing so

would have made it seem it more attractive. And, as outlined above, Mr E has signed a form to say that PPI had been explained to him. But I accept the cost of the insurance could have been presented in a clearer way on the finance agreement. This showed the cost of the PPI, but it only showed the interest charge, and monthly charge, for all the extra insurances combined rather than separating this information out by product.

However, I think there was enough information for Mr E to understand that PPI was being added to his loan, how much the PPI was and that interest was being charged on it. And given that he was satisfied with the total cost of all of his insurances, I don't think information on the separate interest and monthly cost of his PPI would have made a difference to his decision. Similarly, I don't think any other information failings there *may* have been would have made a difference to Mr E's decision to buy the PPI. I think better information would have just shown Mr E that the policy was suitable for the reasons given above.

So I don't think Mr E would have lost out as a result of any failures in the way DAFIS gave him information on his PPI. It follows that I do not uphold his complaint.

### **my final decision**

For the reasons given above, I do not uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr E to accept or reject my decision before 8 April 2016.

Christian Wood  
**ombudsman**